



## North Carolina Department of Revenue

Pat McCrory  
GovernorLyons Gray  
Secretary

May 28, 2014

[REDACTED]  
[REDACTED]  
[REDACTED]

Attn: [REDACTED]

Re: Request for Expedited Private Letter Ruling

[REDACTED]  
FEIN: [REDACTED]

Dear [REDACTED]:

In response to your letter dated [REDACTED], the North Carolina Department of Revenue ("Department") issued a partial ruling on [REDACTED] on issues relating to the application of the tax credit for investing in renewable energy property (the "NC Tax Credit"), N.C. Gen. Stat. § 105-129.15 et seq. However, we deferred to a later date our response to the issue as to whether changes in the ownership of the membership interests in [REDACTED] ("Taxpayer") during the five-year credit period affect (i) Taxpayer's continued entitlement to the NC Tax Credit, or (ii) the entitlement of the new member(s) in Taxpayer to its distributive share of any remaining unallocated installments of the NC Tax Credit. Please accept the information below as our response to the remaining issue.

After consideration of the facts and the relevant statutes and regulations, it is our finding that a change in the ownership of the membership interests in Taxpayer during the five-year NC Tax Credit Period will not affect Taxpayer's continued entitlement to the NC Tax Credit, or the entitlement of the new member(s) in Taxpayer to its distributive share of any remaining unallocated installments of the NC Tax Credit. If the change of ownership is not considered to be a termination of the partnership and/or a disposition of the renewable energy property for federal income tax purposes, then the partner that acquires a partnership interest from a former partner after the close of the first taxable year of the five-year tax credit period is allowed to claim the prior partner's allocable share of future installments of the North Carolina credit. Any unused portion of an installment that accrued during a prior year remains with the former partner.

Importantly, N.C. Gen. Stat. § 105-269.15 provides specific guidance with regard to income tax credits of partnerships. Subsection (c) of the statute states that "a partner's distributive share of an income tax

